



Australian Bureau of Statistics

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EXPLORING LABOUR FORCE DATA ON JOBLESSNESS

ALTERNATIVE 'JOBLESS' RATES

The ABS defines someone who is unemployed as:

- **all persons 15 years of age and over who were not employed during the reference week, and:**
 - **had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and were available for work in the reference week; or**
 - **were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.**

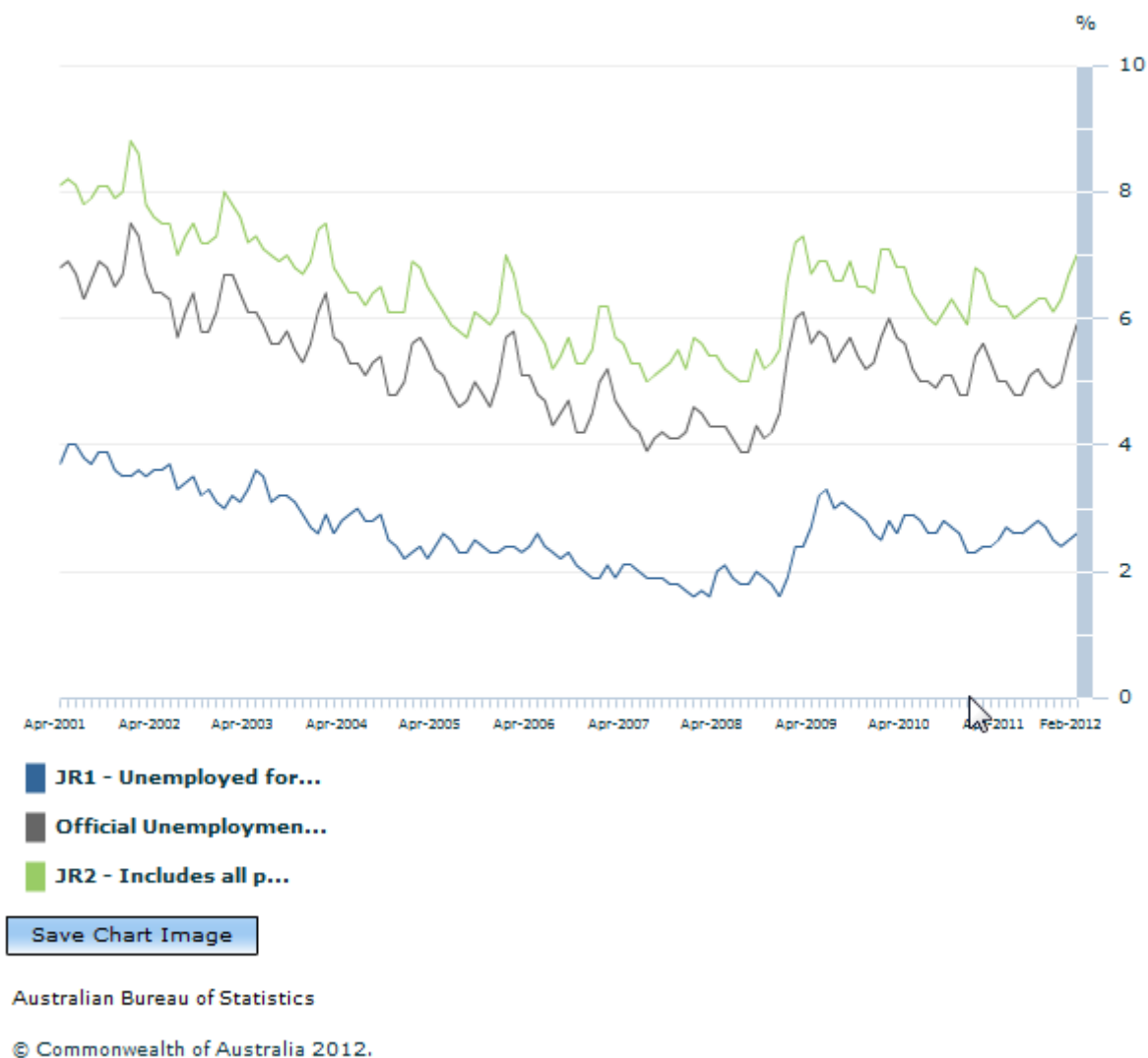
(Source: **6102.0.55.001 - Labour Statistics: Concepts. Sources and Methods, April 2007, Chapter 6 Unemployment**)

The ABS uses this definition to obtain a snapshot of labour supply for a particular point in time. It is an economic measure of the available supply in the labour force and specifically targets those who are 'jobless' and are willing and available to work in the survey month. This is also the agreed international standard for measuring unemployment, which allows ABS statistics to be comparable to the rest of the world.

Some data users are interested in constructing alternative definitions of 'joblessness' which broaden to include concepts related to the social side of 'joblessness'. The ABS publishes a range of data that can be used to obtain a much more detailed picture of the labour market. Alternative 'jobless' rates can be explored by combining these data that are freely available.

The first alternative 'jobless' rate, referred to as JR1 for the purposes of this article, includes only people who have been unemployed for 13 weeks or more and has been calculated from the duration of unemployment data, which can be found in the publication **6291.0.55.001 - Labour Force, Australia, Detailed**. This alternative rate is roughly half that of the standard unemployment rate, meaning that a significant share of the unemployed each month are those who have been unemployed for fewer than 13 weeks. After a peak of 3.3% in 2008, this 'jobless' rate currently sits at 2.6%.

Alternative 'Jobless' Rates (Original)



Footnote(s): Alternative rates are calculated using data from the datacubes UM2 and NM1

Source(s): Labour Force, Australia, Detailed (Cat no. 6291.0.55.001)

Another alternative 'jobless' rate combines the number of unemployed with people who are not in the labour force but are considered marginally attached (JR2). The data used to calculate this rate can also be found in the publication **6291.0.55.001 - Labour Force, Australia, Detailed**. This rate includes those who are available to work but are not actively looking for work (discouraged job seekers) and also those who are looking for work but are currently unavailable. This 'jobless' rate is only about 1% higher than the unemployment rate. After a peak of 7.3% in 2008, this 'jobless' rate currently sits at 7.0%.

EMPLOYMENT: IS ONE HOUR ENOUGH?

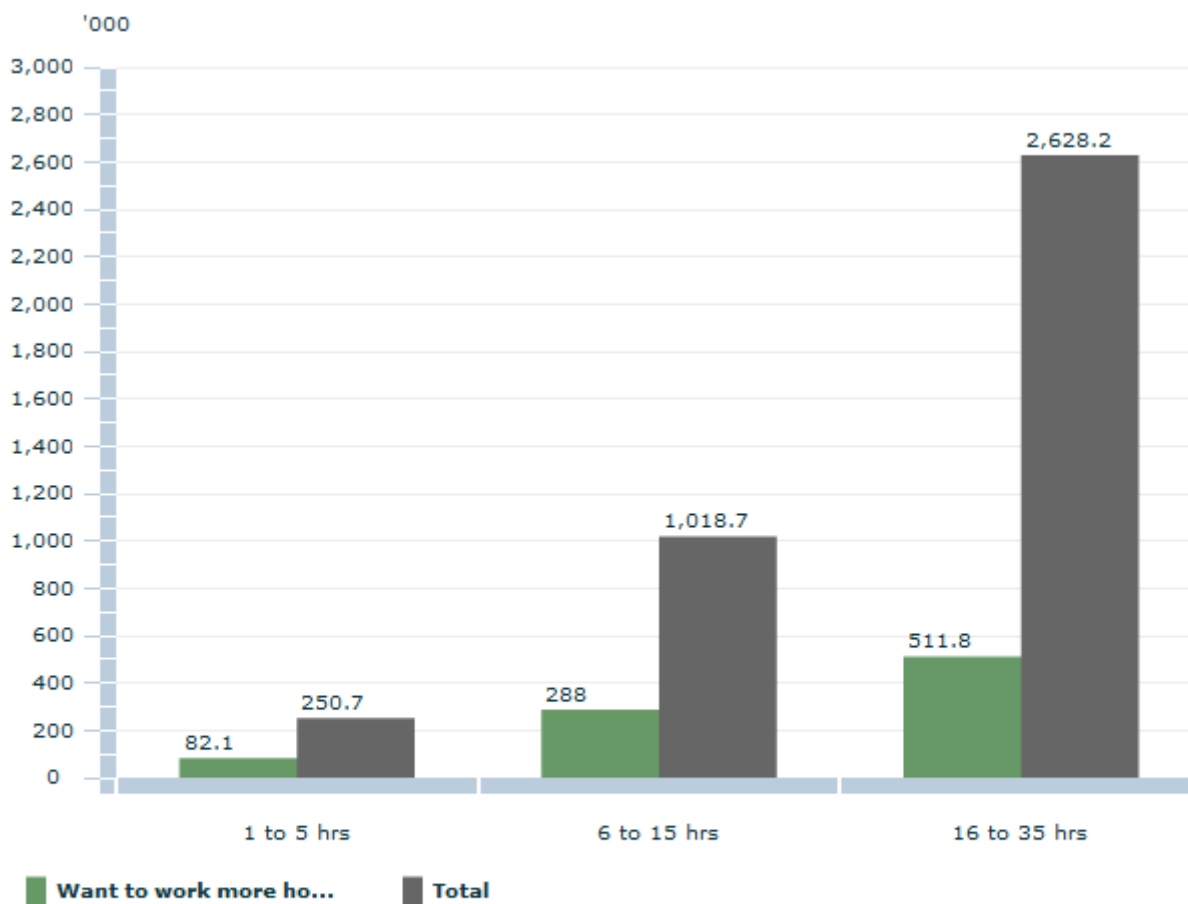
The ABS defines people who work for at least one hour a week as employed. There are several reasons for including everyone who works at least one hour a week as employed; these include both economic and social reasons. From an economic perspective, time in paid work, no matter how small, contributes to economic production and is therefore included in the national accounts. Socially, it is recognised that employment is associated with improved psychological and social well-being. It is therefore important to distinguish between those who have work and those who do not. By applying the one hour definition, the ABS is also measuring employment in an internationally consistent manner, which enables governments and policy makers to draw on

international comparisons.

However, an important consideration is whether or not people want to work more hours, i.e. whether or not they are underemployed. The ABS recognises the potential economic and social impacts of underemployment, which is why the ABS asks respondents who work fewer than 35 hours if they would like to work more hours. However, just because a person might work relatively few hours a week does not mean they necessarily want to work more. The graph below shows a breakdown for people who usually work 1 to 5 hours a week and whether or not they would like to work more hours or not. This graph shows two things:

- most people who usually work 1 to 5 hours a week do not want to work more hours (32.7% want to work more hours versus 67.3% who do not want to work more hours); and
- the number of people who work 1 to 5 hours a week and want to work more hours is very small: 82,000 or 0.7% of the total number of people who are employed.

Employed Persons by Hours Usually Worked (Original Quarterly Average 2011)



[Save Chart Image](#)

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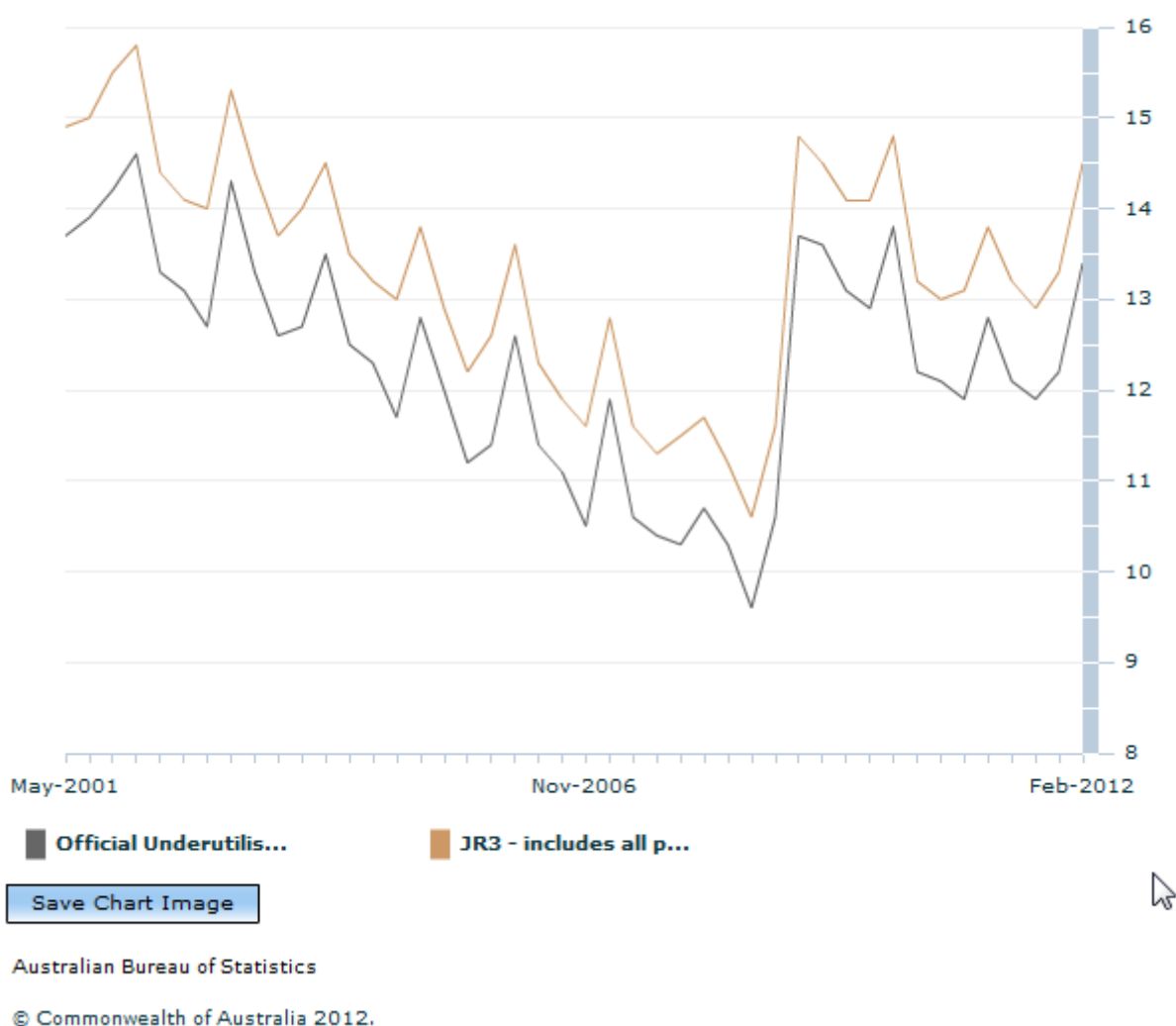
Source(s): Labour Force, Australia

Furthermore, if instead of being classified as employed, these 82,000 underemployed workers were classified as 'jobless', the resulting 'jobless' rate for 2011 would only be on average 0.68 percentage points higher than the unemployment rate at 5.85%.

By looking at this group of people who work fewer than 35 hours and would like to work more hours, the ABS produces a series called the underemployment rate, and, when combined with

the unemployment rate, produces estimates of the total potential labour supply, the labour force underutilisation rate. Like the other 'jobless' rates, users can customise these data by broadening or narrowing the definitions used to calculate estimates such as the underutilisation rate. For example, below is an alternative measure of available labour supply (JR3) which includes the group who are considered marginally attached to the labour force. Like the alternative 'jobless' rate JR2, the 'jobless' component of the JR3 includes all people who were looking for work regardless of whether they were actively looking for work or not, and does not exclude those that were not available during the specified time frame. This estimate is probably the broadest view of dissatisfaction with hours of work available from the LFS, looking at all people who are unemployed under the economic point in time definitions, plus the more broadly 'jobless' who are marginally attached and/or discouraged, as well as those who have found jobs but are dissatisfied with the number of hours they work. Currently, the official underutilisation rate is 13.4% (in original terms); JR3 is 1.1 percentage points higher and stands at 14.5% for February 2012.

Alternative Underutilisation Rate (Original)



Footnote(s): Alternative rate is calculated using data from the datacube NM1

Source(s): 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery

These are just a few examples of how the data from the ABS can be used to get a more detailed picture of labour supply in the Australian Labour Market. Other publications that explore these topics in much more detail include:

- **6265.0 - Underemployed Workers, Australia**
- **6222.0 - Job Search Experience, Australia**
- **6105.0 - Australian Labour Market Statistics**

For further information about Labour Force classifications and definitions see the article: **Understanding the Australian Labour Force using ABS Statistics** on the **6202.0 Labour Force, Australia** website or the publication **6102.0.55.001 - Labour Statistics: Concepts, Sources and Methods**.

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